



**บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)**

**THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED**

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Subject Clarification of the 1<sup>st</sup> quarter performance of the year 2016

To President  
The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Thai Central Chemical Public Company Limited would like to submit Management Analysis and Discussion (MD&A) of the 1<sup>st</sup> quarter performance of the year 2016 as in the attachment.

Please be informed accordingly.

Sincerely yours,

(Mr. Kyosuke Sasaki)

President & CEO

## Management Discussion and Analysis (MD&A)

### Business Overview

The Company would like to report the operational result of the Consolidated Financial Statement for the first quarter of year 2016 during January 1, 2016 to March 31, 2016. The first quarter of year 2016 showed Profit Attributable to Owner of the parent at THB 109 Million, and Earnings per Share at THB 0.19. It increased by THB 7 Million or 6.9% compared to the first quarter of year 2015, which showed Profit Attributable to Owner of the parent at THB 102 Million and Earnings per Share at THB 0.17.

Thailand has suffered relatively long economic slowdown with growth of less than 3%. According to agricultural economics overview of the first quarter of 2016, production cost of economics crop was reduced in overall. But price of agriculture products are still low, and cultivation area decreased, so farmers' buying power is still lower level.

The Company's business had negative impact from external factors as follows;

- 1) Low rainfall and reduction of irrigation water reduce agricultural products, farmers' activities and cultivation area.
- 2) Farmers' incomes were reduced by price drop of agricultural product. And it reduced farmers' purchasing power to buy fertilizer for new cultivation season.
- 3) The Company cooperated with Ministry of Commerce to reduce fertilizer price for supporting farmers.

To summarize this quarter is as follows. Cultivation area and demand of chemical fertilizers were decreased, and also fertilizers' sales unit price was reduced. On the other hand, import price of raw materials of chemical fertilizers were lower. We managed to reduce overall cost of operation. As a result, Profit Attributable to Owner of the parent of the 1st quarter of 2016 was slightly better than the same quarter of year 2015 by THB 7 Million or 6.9%.

## Results of Operations and Profits

Unit : Thousand Baht	Year		Change
	2015	2016	%
Revenues from sales and services	1,733,290	1,603,287	(7.5)
Cost of Goods Sold and services	(1,484,115)	(1,358,461)	(8.5)
Gross Profit	249,175	244,826	(1.7)
Other Income	25,318	16,698	(34.0)
Profit Before Expense	274,493	261,524	(4.7)
Selling and Administration Expenses	(128,147)	(118,666)	(7.4)
Profit Before Financial Cost and Tax	146,346	142,858	(2.4)
Financial Cost	(4,970)	(1,633)	(67.1)
Share of profit from investment in an associate	-	74	-
Profit Before Income Tax	141,376	141,299	(0.1)
Income Tax Expense	(18,761)	(29,387)	56.6
Total Comprehensive Loss for the period from discontinued operations	(2,491)	-	-
Total Comprehensive Income for the period	120,124	111,912	(6.8)
Total Comprehensive Income Attributable to Owner of the parent	101,800	108,796	6.9

By comparing Profit Attributable to Owner of the parent of the first quarter 2016 and the first quarter 2015, it increased by THB 7 million or 6.9%.

## Analysis of Liquidity and Capital Resources

### Note to Statement of Financial Position

Description	March 31, 2015		March 31, 2016	
	Thousand Baht	Percentage to Total Assets	Thousand Baht	Percentage to Total Assets
Current Assets	10,503,963	83	7,558,451	75
Non-current Assets	2,138,443	17	2,568,285	25
<b>Total Assets</b>	<b>12,642,406</b>	<b>100</b>	<b>10,126,736</b>	<b>100</b>
Current Liabilities	5,082,066	40	2,313,067	23
Non-current Liabilities	259,539	2	272,823	3
Shareholders' Equity	7,300,801	58	7,540,846	74
<b>Total Liabilities and Shareholders' Equity</b>	<b>12,642,406</b>	<b>100</b>	<b>10,126,736</b>	<b>100</b>

Total Assets was THB 10,127 million, which decreased of THB 2,516 million or 20% compare to March 2015. Because, The Company disposed shares of three subsidiaries on April 1, 2015, which are MC Industrial Chemical Company Limited, MC Solvents Company Limited and MC Plastics Company Limited. As of March 31, 2015 three subsidiaries' assets THB 2,366 million were included in the total assets.

Main details of assets were as follows,

Description	March 31, 2015	March 31, 2016	Change
	Thousand Baht	Thousand Baht	%
Cash on Hand	3,796,410	4,163,394	9.7
Trade and other receivables	665,495	744,891	11.9
Inventories	3,503,117	2,482,060	(29.1)
Assets	12,642,406	10,126,736	(19.9)

Total Liabilities were THB 2,586 million in March 2016. It decreased by THB 2,756 million or 52% from March 2015. Because, The Company disposed shares of three subsidiaries on April 1, 2015. As of March 31, 2015 three subsidiaries' Liabilities of THB 1,803 million were included in Total Liabilities. The Shareholders' Equity was THB 7,541 million. It increased by THB 240 Million or 3% from March 2015.

### Economic & Business Forecast 2016

Through the first quarter water supply for the agricultural field mainly by natural rainfall in the country was still very low and it curves demand of chemical fertilizers drastically. The Company predict that demand will pick up when sufficient rain comes in monsoon season, normally starting in middle to end of May. However, The Company foresee that overall consumption of chemical fertilizers in this year would be less than the last years for drought since 2014 resulting in weaken purchase power of the farmers, which has been depressing local economy of the country.

The price control campaign The Company cooperate with Department of Internal Trade (DIT) to support the famers makes it difficult to adjust our price according to fluctuation of international raw material market.

The Company will make our best endeavor to achieve highest performance in this challenging environment by watching market needs carefully and running the operation in most efficient manner.